



MONTANA BOARD OF HOUSING

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**Qualification Request
For Bond Issuance
Senior, Co-Manager and Selling Group Members**

Purpose

The Montana Board of Housing (MBOH) is reviewing the makeup of its existing bond underwriting team. As part of this review MBOH is asking current members of the team to submit a Request for Qualifications (RFQ). The Board is also inviting firms not currently part of the underwriting team to submit an RFQ. Based on the review of existing team member RFQ's and any new RFQ's the Board may make changes to the existing underwriting team it deems appropriate. MBOH anticipates this to be an ongoing relationship that may be reviewed from time to time in the Board's discretion.

The Board will be reviewing the positions of Senior Manager, Co-Manager(s), and Selling Group Member(s).

Interested parties should submit required information by **Friday, August 29, 2008** (postmarked) to:

Bruce Brensdal Executive Director
Montana Board of Housing
PO Box 200528
Helena MT 59620-0528
Telephone: 406-841-2840
Fax: 406-841-2841

Scope

Compensation is provided through the underwriting fee, management fee, takedown and other expenses paid as cost of issuance for the bond deals completed. Senior underwriter participates in all fees; co-managers collect management fees and takedown fees; and selling group members collect only takedown fees. If no bonds are sold, no fees are earned.

Activities of the senior underwriter include, but are not limited to:

1. development of bond financing structures and mortgage products for eligible borrowers that result in acceptable risk, the lowest interest rates, the lowest issuance costs, the lowest negative arbitrage, the greatest amount of financing flexibility, and the maximum bond yield to mortgage rate spread;
2. underwriting, marketing and management of bond issues in a timely manner, including the coordination of the sale and closing of bonds;
3. sale of bonds to instate retail investors as well as national institutional investors;
4. provision of assistance in preparation of legal documents;
5. solicitation and compilation of bids from investment agreement and bond insurance providers and printers;
6. point of contact with the rating agencies and bond insurance providers;

7. ongoing qualitative and quantitative maintenance and support prior to and following a transaction, including cash flow analysis, parity monitoring, series specific financial advice, GIC structuring, and official statement preparation;
8. review and comment on bond trust indentures, program agreements, insurance agreements, disclosure related documents and other legal documents associated with MBOH's programs;
9. semi-annual review of calculations of excesses, bond calls, PAC calls and regular debt service payments;
10. assistance with disclosure related requirements;
11. participation in board meetings and providing input; and
12. other activities related to bond issues as may be requested by MBOH.

Activities of the co-managing underwriters include, but are not limited to:

1. selling bonds primarily to instate retail investors;
2. general support of MBOH's bond offerings in the secondary market;
3. participation in new bond offering activities directed by the senior underwriter;
4. monitoring senior underwriter to make sure they are doing their job; and
5. participation in board meetings and providing input

Activities of the selling group include, but are not limited to:

1. selling bonds primarily to instate retail investors; and
2. participation in board meetings and providing input

General RFQ Guidelines

- Firms submitting an RFQ will be considered for all positions (Senior, Co-Manager or Selling Group) but please indicate your preference.
- Proposals must be signed by an authorized representative of the firm.
- The Board will determine the members and positions of each member of the underwriter team based on the answers to the following questions and the information requested below provided by each firm.
- Presentations or interviews are not planned at this time but the Board reserves the right to schedule these if it deems necessary.
- The proposer certifies by submission of a proposal that it is not debarred, suspended, or ineligible to perform such work in Montana.
- RFQ's will be no longer than 15 pages including appendixes using standard fonts and margins. Brevity is appreciated so if all 15 pages are not needed that is fine. (DO NOT COUNT YOUR COMPANIES ANNUAL REPORT AND FINANCIAL STATEMENTS IN THE 15 PAGE TOTAL.)
- Provide 12 copies of your proposal on letter size paper, left hand three hole punched held together by a clip.
- The Board's [Ex Parte Communication Policy](#) will be followed during this review process.

SECTION I – Organization

1. Describe your firm's organizational structure, configuration and staffing of the department or group that would have primary responsibility for the MBOH account and include resumes (in an appendix) of key personnel who would work actively on the MBOH account and a summary of each individual's experience with housing bond financing.

2. Describe all activities you anticipate your firm would conduct connected with MBOH bond issues considering the scope of activities listed above.
3. Describe your in-house computer support resources for structuring housing bond financing, annual indenture-wide cash flow preparation and how cash flow analysis is prepared for rating agency presentations?

SECTION II – Experience

1. Describe the State Housing Agencies for which you have acted as a Senior Manager or a Co-Manager (specify which) during the last three years? (Provide references in an appendix with names and phone numbers of each agency represented.)
2. In an appendix, list both taxable and tax-exempt housing bond financing for which your firm acted as Senior Manager or Co-Manager (specify which) during each of the past three years. Include date of issue, issuer, type of financing, issue size, new money versus current refunding, list underwriters' spread component (*only if Senior Manager*) and any special features.
3. Has your firm been removed as senior manager or co-manager from a housing finance agency account in the last 3 years? If so please explain.

SECTION III – Marketing

1. Describe your firm's retail and institutional marketing network for municipal bonds and for housing bonds in Montana and adjacent States
2. What are your firm's strengths in housing bond distribution? Please break down institutional vs. retail.
3. Describe your trading experience in the municipal bond secondary market and provide trading volumes for municipal bonds in general, and housing bonds in particular.

SECTION IV - Financial Information

1. In an appendix, provide your firm's most current annual report and financial statements. Indicate your firm's current excess net capital based on Securities and Exchange Commission or New York Stock Exchange regulations.
2. Identify any material litigation, administrative proceedings or investigations in which your firm is currently involved.
3. Provide a complete schedule of fees for a Single Family transaction of \$50 million. What would be the expected profit to the Senior Managers versus the Co-Managers on a typical offering of this size?
4. Is your firm or predecessor firm now, or in the past three years has it been, the subject of any investigation of proceedings by any governmental agency related to your public finance activities? If so, describe the circumstances and provide assurance to MBOH that these investigations or proceedings will not affect your ability to complete the proposed transaction.